

No. 2086

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
MEXICO**

**Guarantee Agreement — *Comisión Power Program* — (with annexed Loan Regulations No. 4 and Loan Agreement — *Comisión Power Program* — between the Bank and Comisión Federal de Electricidad and Nacional Financiera, S. A.). Signed at Washington, on 11 January 1952**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 11 February 1953.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
MEXIQUE**

**Contrat de garantie — *Programme de la Comisión relatif à l'énergie électrique* — (avec, en annexe, le Règlement n° 4 sur les emprunts et le contrat d'emprunt — *Programme de la Comisión relatif à l'énergie électrique* — entre la Banque et la Comisión Federal de Electricidad et la Nacional Financiera, S. A.). Signé à Washington, le 11 janvier 1952**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 11 février 1953.*

No. 2086. GUARANTEE AGREEMENT<sup>1</sup> (*COMISIÓN POWER PROGRAM*) BETWEEN THE UNITED MEXICAN STATES AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 11 JANUARY 1952

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AGREEMENT, dated January 11, 1952, between UNITED MEXICAN STATES (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Comisión Federal de Electricidad and Nacional Financiera, S. A., (hereinafter called the Borrowers), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrowers a loan in the aggregate principal amount of twenty-nine million seven hundred thousand dollars (\$29,700,000), or the equivalent in other currencies, on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee such loan and the obligations of the Borrowers in respect thereof; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrowers, has agreed to guarantee such loan and the obligations of the Borrowers in respect thereof;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4<sup>3</sup> of the Bank, dated December 6, 1950, subject, however, to the modifications thereof set forth in Schedule 4<sup>4</sup> to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

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<sup>1</sup> Came into force on 10 June 1952, upon notification by the Bank to the Government of Mexico.

<sup>2</sup> See p. 138 of this volume.

<sup>3</sup> See p. 136 of this volume.

<sup>4</sup> See p. 158 of this volume.

*Section 1.02.* Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the terms "Comisión" and "Financiera" shall have the respective meanings set forth in Section 1.02 of the Loan Agreement.

### *Article II*

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrowers, and each of them, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 2.01 of this Guarantee Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that at any time the amount of currency of the Guarantor held by Comisión and accruing to it for the twelve month period next following such time will be inadequate to meet the estimated expenditures payable in such currency and required for carrying out the Projects during such twelve month period, to make arrangements, satisfactory to the Bank, promptly to provide Comisión or cause Comisión to be provided with such amounts of currency of the Guarantor as are needed to meet such expenditures.

### *Article III*

*Section 3.01.* The Guarantor undertakes that, except as the Bank shall otherwise agree, it will not cause or permit to be created any lien on any assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision as security for any external debt unless the payment of the principal of, and interest and other charges on, the Loan and the Bonds, shall be secured by such lien equally and ratably with such other external debt ; provided, however, that the foregoing provisions of this Section shall not apply to : (a) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; of (b) to any pledge of commercial goods to secure debt maturing by its terms not more than one year after the date on which it is incurred and to be paid out of the proceeds of sale of such commercial goods.

*Section 3.02.* (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request

with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

*Section 3.03.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes or fees imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 3.04.* The Loan Agreement and the Bonds and the Guarantee Agreement shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed by the laws of the Guarantor or laws in effect in its territories.

*Section 3.06.* The Guarantor shall not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the performance by the Borrowers of any of the covenants, agreements and obligations of the Borrowers or either of them, in the Loan Agreement contained, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrowers to perform such covenants, agreements and obligations.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrowers. Financiera and such person or persons as it shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

*Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor : United Mexican States, c/o Nacional Financiera, S.A., Avenida Venustiano Carranza 25, Mexico, D.F., Mexico.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington 25, D.C., United States of America.

*Section 5.02.* Financiera is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

United Mexican States :

By Rafael DE LA COLINA  
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK  
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 6 DECEMBER 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN  
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 158, p. 222.*]

LOAN AGREEMENT  
(COMISIÓN POWER PROGRAM)

AGREEMENT, dated January 11, 1952, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, party of the first part hereto, (hereinafter called the Bank) and COMISIÓN FEDERAL DE ELECTRICIDAD and NACIONAL FINANCIERA, S. A., parties of the second part hereto, (hereinafter called the Borrowers).

*Article I*

LOAN REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 4<sup>1</sup> of the Bank, dated December 6, 1950, subject, however, to the modifications thereof set forth in Schedule 4<sup>2</sup> to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

*Section 1.02.* Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule hereto :

- (1) The term "Comisión" means Comisión Federal de Electricidad.
- (2) The term "Financiera" means Nacional Financiera, S. A.

*Article II*

THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrowers, on the terms and conditions in this Agreement set forth or referred to, the sum of twenty-nine million seven hundred thousand dollars (\$29,700,000), or the equivalent thereof in currencies other than dollars.

*Section 2.02.* The Bank shall open a Loan Account on its books in the names of the Borrowers and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Notwithstanding anything to the contrary contained in this Loan Agreement, unless the Bank shall otherwise agree :

(i) The Borrowers shall not be entitled to make withdrawals from the Loan Account in respect of goods required for carrying out the Projects described in paragraphs D and G of Schedule 2<sup>3</sup> to this Loan Agreement until evidence satisfactory to the Bank that an adequate supply of boiler feed water of suitable quality will be available for such Projects is furnished to the Bank ; and

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<sup>1</sup> See p. 136 of this volume.

<sup>2</sup> See p. 158 of this volume.

<sup>3</sup> See p. 152 of this volume.

(ii) The Borrowers shall not be entitled to make withdrawals from the Loan Account in respect of goods required for carrying out the Project described in paragraph F of Schedule 2 to this Loan Agreement until (a) preliminary plans and specifications satisfactory to the Bank in respect of such Project shall have been submitted to the Bank, and (b) firm agreements regarding quantities and delivered costs of bagasse to be used as fuel shall have been entered into with the suppliers of bagasse.

*Section 2.03.* The Borrowers shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

*Section 2.04.* The Borrowers shall pay interest at the rate of four and one-half per cent ( $4\frac{1}{2}$  %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.05.* Except as the Bank and the Borrowers shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrowers pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of such special commitment outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

*Section 2.07.* The Borrowers shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Loan Agreement.

*Section 2.08.* All obligations of the Borrowers under this Loan Agreement (not including, however, obligations expressly undertaken by only one of the Borrowers) and the Bonds shall be joint and several and the obligation of either of them to comply with any provision of this Loan Agreement is not subject to any prior notice to, demand upon or action against the other. No extension of time or forbearance given to either of the Borrowers in respect of the performance of any of its obligations under this Loan Agreement or the Bonds, and no failure of the Bank or of any holder of the Bonds to give any notice or to make any demand or protest whatsoever to either of the Borrowers, or strictly to assert any right or pursue any remedy against either of them in respect of this Loan Agreement or the Bonds, and no failure by either of the Borrowers to comply with any requirement of any law, regulation or order, shall in any way affect or impair any obligation of the other Borrower under this Loan Agreement or the Bonds.

### Article III

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrowers shall apply the proceeds of the Loan exclusively to the cost of goods which will be required for the carrying out of the Projects described

<sup>1</sup> See p. 150 of this volume.

in Schedule 2<sup>1</sup> to this Agreement. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Borrowers and the Bank, and the list of such goods may be modified from time to time by agreement between them.

*Section 3.02.* Except as the Bank shall otherwise agree, the Borrowers shall cause all goods purchased with the proceeds of the Loan to be used in the territories of the Guarantor exclusively in the carrying out of the Projects. Except as shall be otherwise agreed between the Bank and the Borrowers, title to all such goods shall be conveyed to Comisión free and clear of all incumbrances.

#### *Article IV*

##### BONDS

*Section 4.01.* The Borrowers shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations. The form of Bonds referred to in Article VI of the Loan Regulations shall be appropriately modified to provide for joint and several obligations on the part of the Borrowers.

*Section 4.02. (a)* The Director General of Comisión and such persons or persons as he shall appoint in writing are designated as authorized representatives of Comisión for the purposes of Section 6.12 (a) of the Loan Regulations.

*(b)* The Director General of Financiera and such person or persons as he shall appoint in writing are designated as authorized representatives of Financiera for the purposes of Section 6.12 (a) of the Loan Regulations.

#### *Article V*

##### PARTICULAR COVENANTS

*Section 5.01.* The Borrowers shall carry out the Projects with due diligence and efficiency and in conformity with sound engineering and financial practices. The design of the Projects shall be prepared by engineers or engineering firms qualified by experience on similar work.

*Section 5.02. (a)* The Borrowers shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Projects and any material modifications subsequently made therein.

*(b)* The Borrowers shall maintain records adequate to identify the goods purchased out of the proceeds of the Loan, to disclose the end-use thereof in the Projects, to record the progress of the Projects (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrowers.

*(c)* The Borrowers shall enable the Bank's representatives to inspect any and all goods purchased out of the proceeds of the Loan and the sites, works and construction included in the Projects and any of the properties owned or operated by Comisión and to examine any relevant records and documents.

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<sup>1</sup> See p. 152 of this volume.

(d) The Borrowers shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the use of the goods purchased therewith, the progress of the Projects and the operations and financial condition of the Borrowers.

*Section 5.03.* (a) The Bank and the Borrowers shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each party to this Agreement shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrowers shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrowers shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof or shall increase, or threaten to increase, the estimated cost of the Projects materially over the estimated cost set forth in Schedule 3 to this Agreement.

*Section 5.04.* Comisión shall not, without the prior approval of the Bank, incur any debt if thereby the aggregate amount required in any fiscal year of Comisión (including the fiscal year in which Comisión proposes to incur such debt) for the payment of principal (including amortization and sinking fund payments) of, and interest and other charges on, all outstanding debt (including said proposed debt) incurred by Comisión would exceed  $66\frac{2}{3}\%$  of the aggregate amount of the revenues of Comisión during a period of any twelve consecutive months out of the fifteen months last preceding the date on which Comisión proposes to incur such debt. For purposes of this Section :

- (a) the term "revenues of Comisión" shall be deemed to mean the aggregate of
- (i) all current revenues of Comisión excluding public appropriations and grants and
  - (ii) all payments on account of principal of, (ii) amortization and sinking funds on, debt owing to Comisión but only to the extent that Comisión shall have made payments during such twelve consecutive months on account of principal of, and amortization and sinking funds on, debt of Comisión ;

less the amount of all operating, administrative and overhead expenses of Comisión, but without deduction of any amounts for depreciation, replacement, retirement, obsolescence, interest, sinking fund or amortization of principal of indebtedness ;

(b) the term "debt" shall not include debt maturing by its terms in not more than one year after the date on which it is incurred in an aggregate principal amount not exceeding the equivalent of 25 million pesos in the currency of the Guarantor ;

(c) the term "incur" with reference to any debt shall include any assumption or guarantee of such debt or any modification of the terms of payment of such debt ; and

(d) sums in currency other than currency of the Guarantor shall be converted into currency of the Guarantor at the official selling rate of Banco de México, S. A., for such other currency on the date on which Comisión proposes to incur the debt in question.

*Section 5.05.* Each of the Borrowers undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any of its assets as security for any external debt, such lien shall *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and in the creation of any such lien express provision shall be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

*Section 5.06.* The Borrowers shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Bonds or the Guarantee Agreement, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 5.07.* The Borrowers shall pay or cause to be paid all taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Bonds or the Guarantee Agreement.

*Section 5.08.* Except as shall be otherwise agreed between the Bank and the Borrowers, the Borrowers shall insure or cause to be insured with responsible insurers all goods purchased with the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to delivery of the goods into the territories of the Guarantor, and shall be for such amounts, as shall be consistent with sound commercial practice. Each contract of insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

*Section 5.09.* (a) The Borrowers shall at all times maintain their existence and right to carry on operations and Comisión shall, except as the Bank shall otherwise agree, maintain and renew all rights, powers, privileges and franchises owned by it and necessary or useful in the operation of its business.

(b) Comisión shall maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards.

(c) Comisión shall not, without the consent of the Bank, sell or otherwise dispose of all or substantially all of its property and assets, unless the Borrowers shall first redeem and pay, or make adequate provision satisfactory to the Bank for redemption and payment of, all of the Loan which shall then be outstanding and unpaid.

(d) Comisión shall not, without the consent of the Bank, sell or otherwise dispose of all or substantially all the property included in any of the Projects described in Schedule 2 to this Agreement or any plant included in any such Project unless the Borrowers shall first redeem and pay, or make adequate provision satisfactory to the Bank for the redemption and payment of, the amount of the Loan which shall have been withdrawn from the Loan Account by the Borrowers on account of any such Project and which shall then be outstanding and unpaid.

*Section 5.10.* Whenever there is reasonable cause to believe that at any time the amount of currency of the Guarantor held by Comisión and accruing to it for the twelve month period next following such time will be inadequate to meet the estimated expenditures payable in currency of the Guarantor and required for carrying out the Projects during such twelve month period, Comisión shall forthwith notify the Guarantor and the Bank of such fact and of the amount of the anticipated deficit for such twelve month period. Upon the receipt of such notice, Financiera shall provide Comisión with an amount of currency of the Guarantor adequate to meet such deficit if and as it arises, and upon the completion thereof Comisión shall advise the Bank in writing concerning the details of the arrangements made.

#### Article VI

##### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or if any event specified in paragraph (c) or pursuant to paragraph (h) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrowers, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Loan Agreement or in the Bonds or in the Guarantee Agreement to the contrary notwithstanding.

*Section 6.02.* The following are specified as additional events for the purposes of Section 5.02 (h) of the Loan Regulations :

(a) if the Guarantor or any governmental authority shall take any action for the dissolution or disestablishment of either of the Borrowers or for the suspension of the operations of either of them ; or

(b) if by action of the Guarantor or of any governmental authority, the ownership, possession or control of all or substantially all of the properties which are included in the Projects, or of any plant included therein, or of any property necessary for the operation thereof, shall be taken from Comisión ; or

(c) if any of the Events of Default set forth in Section 1 of Article VIII of the loan agreement dated January 6, 1949, between the Bank and the Borrowers shall happen under such loan agreement.

*Article VII*

## MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1955.

*Section 7.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

(a) For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C., United States of America.

(b) For the Borrowers : Comisión Federal de Electricidad, Calle de Ródano 14, Mexico 5, D. F., Mexico, and Nacional Financiera, S. A., Avenida Venustiano Carranza 25, Mexico, D. F., Mexico.

*Section 7.03.* A date 90 days after the date of this Loan Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

*By* Eugene R. BLACK  
President

Comisión Federal de Electricidad :

*By* A. PÁEZ U.  
Director General

Nacional Financiera, S. A.

*By* A. CORTINA  
Authorized Representative

## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (Expressed in dollars*)</i>	<i>Principal Amount Outstanding After Each Payment (Expressed in dollars*)</i>	<i>Date Payment Due</i>	<i>Payment of Principal (Expressed in dollars*)</i>	<i>Principal Amount Outstanding After Each Payment (Expressed in dollars*)</i>
February 1, 1955	—	\$29,700,000	August 1, 1966	\$664,000	\$17,989,000
August 1, 1955	\$215,000	29,485,000	February 1, 1967	679,000	17,310,000
February 1, 1956	220,000	29,265,000	August 1, 1967	695,000	16,615,000
August 1, 1956	426,000	28,839,000	February 1, 1968	710,000	15,905,000
February 1, 1957	435,000	28,404,000	August 1, 1968	727,000	15,178,000
August 1, 1957	445,000	27,959,000	February 1, 1969	743,000	14,435,000
February 1, 1958	456,000	27,503,000	August 1, 1969	759,000	13,676,000
August 1, 1958	466,000	27,037,000	February 1, 1970	776,000	12,900,000
February 1, 1959	476,000	26,561,000	August 1, 1970	794,000	12,106,000
August 1, 1959	487,000	26,074,000	February 1, 1971	812,000	11,294,000
February 1, 1960	498,000	25,576,000	August 1, 1971	831,000	10,463,000
August 1, 1960	509,000	25,067,000	February 1, 1972	849,000	9,614,000
February 1, 1961	520,000	24,547,000	August 1, 1972	868,000	8,746,000
August 1, 1961	532,000	24,015,000	February 1, 1973	888,000	7,858,000
February 1, 1962	545,000	23,470,000	August 1, 1973	908,000	6,950,000
August 1, 1962	556,000	22,914,000	February 1, 1974	928,000	6,022,000
February 1, 1963	569,000	22,345,000	August 1, 1974	948,000	5,074,000
August 1, 1963	581,000	21,764,000	February 1, 1975	971,000	4,103,000
February 1, 1964	594,000	21,170,000	August 1, 1975	992,000	3,111,000
August 1, 1964	608,000	20,562,000	February 1, 1976	1,014,000	2,097,000
February 1, 1965	622,000	19,940,000	August 1, 1976	1,037,000	1,060,000
August 1, 1965	636,000	19,304,000	February 1, 1977	1,060,000	—
February 1, 1966	651,000	18,653,000			

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations.

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity . . . . .	1/2 %
More than 5 years but not more than 10 years before maturity . . . . .	1 %
More than 10 years but not more than 15 years before maturity . . . . .	1 1/2 %
More than 15 years but not more than 20 years before maturity . . . . .	2 %
More than 20 years before maturity . . . . .	2 1/2 %

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02) the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

## SCHEDULE 2

## DESCRIPTION OF THE PROJECTS

*A. Tingambato Hydroelectric Project*

This project involves the construction of a 150,000 kw plant as a part of the Miguel Alemán hydroelectric system in the State of Mexico. It will consist of the tunnels, dams, and other hydraulic works required for the plant, an underground power house, roads and housing. Three 50,000 kw generating units will be installed with the necessary auxiliary equipment. A complete step-up substation rated at 168,000 kva will be installed at the plant, and connected to about 150 km of double circuit transmission line running to the Tasqueña substation of the Mexican Light and Power Company, where two substations, each rated at about 84,000 kva, will reduce the voltage to 87 kv. Construction equipment and materials such as rock drills, piping, railway track, trucks and dynamite will be purchased by Comisión and transferred to the contractor, the cost of which will be set against payments due to the contractor for the civil works.

*B. El Cóbano Hydroelectric Project*

This project will utilize the flow of the Cupatitzio river in the State of Michoacán. It involves the construction of a 55,000 kw plant and will include the tunnels, canals, dams, syphons, penstock and other hydraulic works required by the plant. A portion of these works has been completed by Comisión del Tepalcatepec. An underground power house will be provided which will house two generating units rated at 27,500 kw each and the necessary auxiliary equipment. Two complete step-up substations will be installed at the plant, one rated at 55,000 kva stepping up to 161 kv, the other rated at 15,000 kva stepping up to 66 kv. A single circuit transmission line about 243 km in length will run from the plant to Guadalajara and will terminate in a stepdown substation rated at 24,000 kva, 161 kv/70 kv. Three 66 kv single circuit lines having a total length of about 207 km will run from the plant to the towns of Zumpimito, Buena Vista and Inguarán. Seven substations having an aggregate capacity of 23,500 kva will be installed in the 66 kv system.

*C. Monterrey Steam Electric Project*

A 30,000 kw steam electric plant of the outdoor type will be constructed in Monterrey, Nuevo León. Two boilers, with complete auxiliaries, will be provided, each connected to a 15,000 kw turbogenerator equipped with condenser and the necessary auxiliaries. Cooling towers and a travelling crane will be installed. Four connections to the Monterrey distribution system will be provided through four substations having an aggregate capacity of 21,000 kva, 13.8 kv/4.6 kv. A 110 kv single circuit transmission line about 130 km long will connect at the plant to a complete step-up substation rated at 17,000 kva, 13.8 kv/110 kv. This line will run through the towns of Santiago, Montemorlos and Linares, where step-down substations each of 2,500 kva will be installed. Rural lines totalling about 77 km will connect with smaller towns and rural areas. Distribution facilities aggregating about 900 poles with lines, transformers and auxiliaries will be installed in the smaller towns.

D. *Veracruz Steam Electric Project*

A 10,000 kw steam plant will be installed at El Cocal about 10 km south of the city of Veracruz. It will consist of one boiler with complete auxiliaries connected to a 10,000 kw turbogenerator, complete with condenser, crane and other auxiliaries, including the necessary station electrical equipment. A complete 12,500 kva step-up substation will be installed at the plant. A single circuit transmission line about 10 km long will connect into the Veracruz system through a complete 3,000 kva, 44 kv/13.8 kv step-down substation. A second single circuit line about 47 km long will run from the plant to José Cardél via Tejerfa. It will connect through a switching station to an existing 44 kv line at Tejería. A complete 3,000 kva, 44 kv/13.2 kv stepdown substation will be installed at José Cardél.

E. *Sonora Transmission and Distribution Project*

A 15,000 kva, 13.2 kv/115 kv step-up substation will be installed in the Ciudad Obregón steam plant, and will connect into a 115 kv transmission line, running to Guaymas to the north and to Navojoa to the south, a total distance of about 180 km. Two step-down substations rated at 6,000 kva, 115 kv/33 kv and 1,000 kva, 115 kv/13.8 kv, respectively, will be installed at Navojoa. About 44 km of 33 kv transmission line will be run from Navojoa to the towns of Huatabampo, Etchojoa, San Pedro and Bocabampo, which will be served by three substations aggregating 1,200 kva. Another substation rated at 3,000 kva will be provided at Navojoa and will feed about 80 km of rural lines. In Ciudad Obregón, distribution substations aggregating 2,500 kva will be installed. A connection to the 115 kv line at Cruz de Piedra through a 3,000 kva, 115 kv/13.2 kv step-down substation to about 60 km of rural lines will be installed. A single circuit 115 kv line about 40 km in length will be run from Siete Cerros to San Rafael, and will terminate in a complete 5,000 kva, 115 kv/13.2 kv rural type step-down substation.

F. *Motúl Steam Electric Project*

A 4,000 kw steam plant will be installed at Motúl, Yucatán. It will consist of two boilers, designed to burn hemp bagasse as fuel, and two turbogenerators each rated at 2,500 kva. The plant will be provided with all necessary auxiliaries. Six 13.8 kv transmission lines, the aggregate length of which will be about 200 km, will radiate from the plant. Distribution systems, aggregating about 1,000 poles and the necessary lines and auxiliaries, will be installed in seven small towns to be served by this plant.

G. *La Paz Steam Electric Project*

A 2,500 kw steam plant will be installed at La Paz, Baja California. It will consist of one boiler, one turbogenerator and the necessary auxiliaries. Two 13.8 kv transmission lines will connect with an existing diesel plant in La Paz. A complete 3,000 kva, 13.2 kv/66 kv step-up substation will be installed to feed a 66 kv line to be run to Los Planes and will terminate in two 1,500 kva, 66 kv/13.8 kv rural type substations. A distribution system of about 90 poles with necessary lines and auxiliaries will be installed in Los Planes.

## ESTIMATED CONSTRUCTION PERIODS

<i>Project</i>	<i>Start</i>	<i>Finish</i>
A. Tingambato Hydroelectric Project . . . . .	January 1952	October 1955
B. El Cóbano Hydroelectric Project . . . . .	In progress	December 1953
C. Monterrey Steam Electric Project . . . . .	In progress	February 1953
D. Veracruz Steam Electric Project . . . . .	April 1952	March 1954
E. Sonora Transmission and Distribution Project .	In progress	December 1953
F. Motúl Steam Electric Project . . . . .	April 1952	December 1953
G. La Paz Steam Electric Project . . . . .	April 1952	December 1953

## SCHEDULE 3

## ESTIMATED COST OF PROJECTS

<i>Project</i>	<i>Local currency in thousands of Mexican pesos</i>	<i>Foreign Ex- change expressed in thousands of dollars</i>	<i>Total Expressed in thousands of dollars*</i>
A. Tingambato Hydroelectric Project . . . . .	64,270	13,798	21,222
B. El Cóbano Hydroelectric Project . . . . .	70,384	6,807	14,946
C. Monterrey Steam Electric Project . . . . .	12,471	3,839	5,288
D. Veracruz Steam Electric Project . . . . .	5,576	1,767	2,411
E. Sonora Transmission and Distribution Project . . . . .	6,165	1,868	2,582
F. Motúl Steam Electric Project . . . . .	5,367	871	1,492
G. La Paz Steam Electric Project . . . . .	3,273	750	1,127
TOTALS . . . . .	167,506	29,700	49,068

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\* One dollar = 8.65 Mexican pesos.

## SCHEDULE 4

MODIFICATIONS OF LOAN REGULATIONS No. 4<sup>1</sup>

For the purposes of this Agreement the provisions of Loan Regulation No. 4 of the Bank, dated December 6, 1950, shall be deemed to be modified as follows :

(a) The second sentence of Section 2.02 of Loan Regulations No. 4 shall be deemed to read as follows :

“Such commitment charge shall accrue from the Effective Date or from April 15, 1952, whichever shall be the earlier, or from such other date as may be agreed upon between the Bank and the Borrowers, to the respective dates on which amounts shall be withdrawn by the Borrowers from the Loan Account as provided in Article IV or shall be cancelled pursuant to Article V.”

(b) The term “Borrower” as used in Loan Regulations No. 4 shall be deemed to refer to the Borrowers ; except that, as used in Sections 5.02 (c), 5.02 (d), 5.02 (g) and 7.02 of the Loan Regulations, such term shall be deemed to refer to the Borrowers or either of them.

(c) The term “Project” as used in Loan Regulations No. 4 shall be deemed to refer to the Projects as described in Schedule 2 to this Loan Agreement.

(d) The last sentence of Section 4.02 shall be deemed to be deleted.

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<sup>1</sup> See p. 136 of this volume.